

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
VINTON, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

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VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2011 election)		
Todd Wiley	President	2013
Robert Levis	Vice President	2013
Tim Bird	Board Member	2011
Angela Hazen	Board Member	2011
Megan Rickels	Board Member	2011
Brenda Bartz	Board Member	2011
Sue Gates	Board Member	2013
(After September 2011 election)		
Sue Gates	President	2013
Robert Levis	Vice President	2013
Todd Wiley	Board Member	2013
Tim Bird	Board Member	2015
Angela Hazen	Board Member	2015
Megan Rickels	Board Member	2015
Brenda Bartz	Board Member	2015
<u>School Officials</u>		
Mary Jo Hainstock	Superintendent	2013
Brenda Barkdoll	District Secretary/Treasurer and Business Manager	2012
Mark Mossman	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Vinton-Shellsburg Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Vinton-Shellsburg Community School District, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Vinton-Shellsburg Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2012 on our consideration of Vinton-Shellsburg Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 7 through 15 and 50 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vinton-Shellsburg Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
October 15, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Vinton-Shellsburg Community School District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2012. This analysis will focus on the District's financial performance as a whole for the fiscal year 2012.

Please read this analysis in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- ◆ General Fund revenue decreased from \$17,241,660 in fiscal year 2011 to \$17,194,388 in fiscal year 2012 while General Fund expenditures increased from \$15,550,458 in fiscal year 2011 to \$15,767,041 in fiscal year 2012.
- ◆ The small decrease in General Fund revenues was attributable to a large decrease in one-time ARRA federal funding, offset mostly by an increase in property tax revenues in fiscal 2012.
- ◆ The district increased its solvency ratio and unspent spending authority.
- ◆ The district increased its expenditures from \$15,550,458 to 15,767,041 for fiscal 2012, primarily because of increases in employee benefits and special education costs.

◆ Overview of Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- ◆ The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- ◆ The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- ◆ The statements for governmental funds explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- ◆ The statements for proprietary funds offer short-term and long-term financial information about the activities the District operates like businesses, such as food service.
- ◆ The statements for fiduciary funds provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

District Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenditures are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

- ◆ Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating, respectively.
- ◆ To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base, the condition of school buildings and facilities and student enrollment trends.

In the District-wide financial statements, the District's activities are divided into two categories:

- ◆ **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finances most of these activities.
- ◆ **Business-type activities:** The District charges fees to help cover the cost of certain services it provides. The District school nutrition program would be included here.

Fund Financial Statements

The fund financial statements, included with this report, provide more detailed information about the District's funds, focusing on its most significant or major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Funds do not focus on the District as a whole.

- ◆ Some funds are required by state law and by bond covenants.
- ◆ The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

Vinton-Shellsburg Community School District has three types of funds:

- ◆ **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - ◆ The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Fund.

- ◆ **Proprietary funds:** Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - ◆ The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flow. The District currently has two enterprise funds, the school nutrition program and the child care program.

- ◆ **Fiduciary funds:** The District is trustee, or fiduciary, for assets that belong to others. These funds include Private -purpose Trust and Agency funds.
 - ◆ **Private-Purpose Trust Fund:** The District accounts for outside donations for specific purposes in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets: Figure A-1 provides a summary of the District's net assets for the year ended June 30, 2012. The districts combined net assets were higher on June 30, 2012 than they were the year before, increasing to \$15,351,710. (figure A1)

Condensed Statement of Net Assets-figure A1

	Governmental Activities		Business- type Activities		Total School District		Total Percentage Change
	2011	2012	2011	2012	2011	2012	
Current and other assets					\$13,649,215	\$15,410,540	12.9%
Capital assets					\$21,029,392	\$20,601,849	-2.1%
Total Assets	\$34,260,082	\$35,666,137	\$418,525	\$346,252	\$34,678,607	\$36,012,389	3.8%
Long-term debt outstanding					\$12,313,825	\$11,696,106	-5.0%
Other liabilities					\$8,774,839	\$8,964,573	2.2%
Total liabilities	\$21,041,854	\$20,608,493	\$46,810	\$52,186	\$21,088,664	\$20,660,679	-2.0%
Net Assets							
Invested in capital assets, net of related debt					\$8,784,392	\$9,016,849	2.6%
Restricted					\$3,829,890	\$4,080,245	6.5%
Unrestricted					\$975,661	\$2,254,616	131%
TOTAL NET ASSETS	\$13,218,228	\$15,057,644	\$371,715	\$294,066	\$13,589,943	\$15,351,710	12.9%

Change in net assets: Figure A-2 shows the changes in net assets for the year ending June 30, 2012.

Changes in Net Assets from Operating Results – figure A2

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2011	2012	2011	2012	2011	2012	
Revenues					\$ -	\$ -	
Program Revenues					\$ -	\$ -	
Charges for services					\$ 1,235,789	\$ 1,177,791	-4.7%
Operating Grants & Contributions					\$ 3,407,568	\$ 3,248,611	-4.7%
Capital Grants & Contributions					\$ -	\$ 469,551	100%
General Revenues					\$ -	\$ -	
Property taxes & other taxes					\$ 7,829,520	\$ 8,314,988	6.2%
State formula aid					\$ 8,267,517	\$ 7,986,833	-3.4%
Other					\$ 120,431	\$ 161,398	34.0%
Total Revenues	\$ 20,111,663	\$ 20,615,225	\$ 749,162	\$ 743,947	\$ 20,860,825	\$ 21,359,172	2.4%
Expenses							
Instruction					\$ 11,615,855	\$ 11,785,381	1.5%
Pupil & Instructional Svcs					\$ 4,322,814	\$ 4,666,533	7.9%
Non-instructional Programs					\$ 785,691	\$ 818,328	3.1%
					\$ -	\$ -	
Other					\$ -	\$ -	
					\$ 1,999,551	\$ 2,323,895	16.2%
Total Expenses	\$ 17,938,220	\$ 18,775,809	\$ 796,659	\$ 821,596	\$ 18,734,879	\$ 19,597,405	4.6%
Increase (decrease) in net assets	\$ 2,173,443	\$ 1,839,416	\$ (47,497)	\$ (77,649)	\$ 2,125,946	\$ 1,761,767	-17.1%

Property tax and unrestricted state grants account for 78% of the District's total revenue. The District's expenses primarily relate to instruction and support services, which account for 88% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$20,615,225 and expenses were \$18,775,809. In a very difficult budget year, the District did a remarkable job of controlling expenditures to provide additional funds for upcoming years.

The following table presents the total and net cost of the District's major governmental activities; instruction, support services, non-instructional programs and other expenses.

Figure A-3 Total Net Cost of Governmental Activities

Net Cost of Governmental Activities- figure A3

	Total Cost of Services		Percentage Change	Net Cost of Services		Total Percentage Change
	2011	2012	2010-11%	2011	2012	
Instruction			1.5%			4.6%
Support Services			8.0%			6%
Non-instructional programs			--			0%
Other			16.2%			-5.2%
TOTAL	\$17,938,220	\$18,775,809	-4.7%	\$ 14,043,901	\$ 14,623,793	4.1%

- ◆ The cost financed by users of District's programs was \$812,114.
- ◆ Federal and state government subsidized certain programs with grants and contributions totaling \$2,873,947.
- ◆ The net cost of governmental activities was financed with \$8,314,988 in property tax, \$7,986,833 in state foundation aid and \$627,343 in other income.

Business -Type Activities

Revenues of the District's business-type activities were \$743,947 and expenses were \$821,596. The District's business-type activities include the School Nutrition Fund, and the Child Care Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

As previously noted, the Vinton-Shellsburg Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,877,752 an increase of \$1,614,826 from last year's ending fund balance of \$4,262,926. The primary reason for the increase in combined fund balances in fiscal 2012 was due to increases property tax revenues at the same time in which the district continues to carefully monitor expenditures.

Governmental Fund Highlights

- ◆ The District's General Fund financial position is the product of many factors. The Instructional Support Levy was increased from 7% to 10% of regular program district cost in fiscal year 2011, increased taxes and grants resulted in increased revenues. The increase in revenues was coupled with about the usual increase in General Fund expenditures.
- ◆ The General Fund balance increased from \$1,043,543 to 2,473,214 for the 2011-12 fiscal year. The District worked to improve the balance by increasing cash reserve levy and controlling expenditures.
- ◆ The Capital Projects Fund balance decreased from \$2,600,217 to \$2,574,559 for the 2011-12 fiscal year. Dollars were spent to support technology upgrades.

Proprietary Fund Highlights

The School Nutrition Fund and Preschool Daycare net assets decreased from \$371,715 at June 30, 2011 to \$294,066 at June 30, 2012.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following the required public notice and hearing for all funds, except its private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a cash basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds; budgets for the General Fund are not presented on the budgetary comparison pages.

Legal Budgetary Highlights

The District's total actual revenues were approximately \$310,722 more than the total budgeted receipts, a variance of 1.51 percent. The most significant difference was that the District received more revenues from federal sources than originally budgeted. Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at an amount that exceeds projected expenditures for the coming fiscal year but is less than the maximum allowed by law. The District then manages or controls General Fund spending through a line-item budget at the building level. As a result, the District's certified budget should always exceed the actual expenditures during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2012, the District had invested \$21 million, net of accumulated depreciation of \$7.7 million, in a broad range of capital assets, including land, buildings, athletic facilities, transportation equipment, computers, and audio-visual equipment. (See Figure A-4) More detailed information about capital assets is available in the notes to the basic financial statements.

Governmental Funds account for \$20.42 million with the remainder of \$.18 million in the School Nutrition Fund, net of accumulated depreciation amounts of \$7.7 million and \$.23 million, respectively.

Figure A-4
Capital Assets, Net of Depreciation

<i>Capital Assets (net of depreciation)- figure A4</i>							
	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2011	2012	2011	2012	2011	2012	
Land					\$ 86,215	\$ 86,215	0%
Construction in progress					\$ -	\$ -	
Improvements					\$ 355,429	\$ 400,839	12.7%
Buildings					\$ 19,917,068	\$ 19,444,151	-2.3%
Equipment & Furniture					\$ 670,680	\$ 670,644	0%
TOTAL	\$ 20,823,423	\$ 20,421,803	\$ 205,969	\$ 180,046	\$ 21,029,392	\$ 20,601,849	-2.1%

Long-Term Liabilities

On June 30, 2012, the District had \$11,585,000 bonded indebtedness, and \$111,106 in early retirement liabilities. See figure A-5 for more detail on long-term obligations. Further details on the District's long-term liabilities are available in the notes to the basic financial statements.

Figure A-5
Total School District

	2011	2012	Change	
Early Retirement	\$ 68,825	\$ 111,106	\$ 42,281	
Lease purchases	0	0	0	
Real estate contract	0	0	0	
General obligation bonds	\$ 12,245,000	\$ 11,585,000	\$ -660,000	
Capital loan notes	0	0	0	
Totals	\$ 12,313,825	\$ 11,696,106	\$ -617,719	

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- ◆ State payments remain a concern. As long as the state financial picture remains uncertain, future state cuts cannot be ruled out.
- ◆ The district voters authorized a one-cent school infrastructure local option tax in February 2004. Tax collection began in July 2004. The revenues from the one-cent school infrastructure local option tax will be used to repay most of the general obligation bonds and interest. The vote needs to be reauthorized prior to July 1, 2014.
- ◆ Settlements in excess of "new money" or allowable growth in state funding for contracts will have an adverse effect on the District's General Fund budget and reserve fund balance.
- ◆ Student enrollment figures remain a concern. General Fund dollars are based on the number of students that are enrolled.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brenda Barkdoll, Business Manager, Vinton-Shellsburg Community School District, 1502 C Ave., Vinton, Iowa 52349.

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Basic Financial Statements

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 6,987,863	\$ 151,390	\$ 7,139,253
Receivables:			
Property tax:			
Current year	112,965	-	112,965
Succeeding year	6,673,957	-	6,673,957
Income surtax	534,496	-	534,496
Accounts	501	-	501
Due from other governments	934,552	-	934,552
Inventories	-	14,816	14,816
Capital assets, net of accumulated depreciation (note 5)	20,421,803	180,046	20,601,849
Total assets	35,666,137	346,252	36,012,389
Liabilities			
Accounts payable	300,256	250	300,506
Salaries and benefits payable	1,629,651	43,741	1,673,392
Accrued interest payable	80,301	-	80,301
Deferred revenue:			
Succeeding year property tax	6,673,957	-	6,673,957
Other	228,222	8,195	236,417
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	111,106	-	111,106
Bonds payable	690,000	-	690,000
Portion due after one year:			
Bonds payable	10,895,000	-	10,895,000
Total liabilities	20,608,493	52,186	20,660,679

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 8,836,803	\$ 180,046	\$ 9,016,849
Restricted for:			
Categorical funding	454,011	-	454,011
Management levy purposes	376,124	-	376,124
Physical plant and equipment levy purposes	943,714	-	943,714
Student activities	293,768	-	293,768
Capital projects	2,012,628	-	2,012,628
Unrestricted	<u>2,140,596</u>	<u>114,020</u>	<u>2,254,616</u>
Total net assets	<u>\$ 15,057,644</u>	<u>\$ 294,066</u>	<u>\$ 15,351,710</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 7,763,380	\$ 380,039	\$ 1,899,792	\$ -
Special instruction	2,238,334	-	220,471	-
Other instruction	1,783,667	432,075	-	-
	<u>11,785,381</u>	<u>812,114</u>	<u>2,120,263</u>	<u>-</u>
Support services:				
Student services	534,244	-	84,983	-
Instructional staff services	1,048,725	-	-	-
Administration services	1,254,712	-	1,346	-
Operation and maintenance of plant services	1,200,114	-	-	-
Transportation services	628,738	-	5,656	-
	<u>4,666,533</u>	<u>-</u>	<u>91,985</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	635,530	-	-	465,955
Long-term debt interest and fiscal charges	506,124	-	-	-
AEA flowthrough	661,699	-	661,699	-
Depreciation (unallocated)*	520,542	-	-	-
	<u>2,323,895</u>	<u>-</u>	<u>661,699</u>	<u>465,955</u>
Total governmental activities	18,775,809	812,114	2,873,947	465,955

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
<hr/>		
\$ (5,483,549)	\$ -	\$ (5,483,549)
(2,017,863)	-	(2,017,863)
<u>(1,351,592)</u>	<u>-</u>	<u>(1,351,592)</u>
<u>(8,853,004)</u>	<u>-</u>	<u>(8,853,004)</u>
 (449,261)	 -	 (449,261)
(1,048,725)	-	(1,048,725)
(1,253,366)	-	(1,253,366)
(1,200,114)	-	(1,200,114)
<u>(623,082)</u>	<u>-</u>	<u>(623,082)</u>
<u>(4,574,548)</u>	<u>-</u>	<u>(4,574,548)</u>
 (169,575)	 -	 (169,575)
(506,124)	-	(506,124)
-	-	-
<u>(520,542)</u>	<u>-</u>	<u>(520,542)</u>
<u>(1,196,241)</u>	<u>-</u>	<u>(1,196,241)</u>
 <u>(14,623,793)</u>	 <u>-</u>	 <u>(14,623,793)</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Business-Type Activities:				
Non-instructional programs:				
Food service operations	\$ 818,328	\$ 362,587	\$ 374,664	\$ 3,596
Other enterprise operations	3,268	3,090	-	-
	<u>821,596</u>	<u>365,677</u>	<u>374,664</u>	<u>3,596</u>
Total business-type activities	<u>821,596</u>	<u>365,677</u>	<u>374,664</u>	<u>3,596</u>
Total	\$ <u>19,597,405</u>	\$ <u>1,177,791</u>	\$ <u>3,248,611</u>	\$ <u>469,551</u>

General revenues:

Property tax levied for:
 General purposes
 Capital outlay
 Income surtax
 Statewide sales, services and use tax
 Unrestricted state and federal grants
 Unrestricted investment earnings
 Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
 in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (77,481)	\$ (77,481)
-	(178)	(178)
-	(77,659)	(77,659)
-	(77,659)	(77,659)
(14,623,793)	(77,659)	(14,701,452)

\$ 6,148,290	\$ -	\$ 6,148,290
318,180	-	318,180
540,104	-	540,104
1,308,414	-	1,308,414
7,986,833	-	7,986,833
312	10	322
161,076	-	161,076
16,463,209	10	16,463,219
1,839,416	(77,649)	1,761,767
13,218,228	371,715	13,589,943
<u>\$ 15,057,644</u>	<u>\$ 294,066</u>	<u>\$ 15,351,710</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 4,232,742	\$ 1,924,494	\$ 830,627	\$ 6,987,863
Receivables:				
Property tax:				
Current year	100,352	5,487	7,126	112,965
Succeeding year	5,532,287	344,846	796,824	6,673,957
Income surtax	152,713	381,783	-	534,496
Accounts	-	-	501	501
Due from other governments	281,013	653,539	-	934,552
Total assets	<u>\$ 10,299,107</u>	<u>\$ 3,310,149</u>	<u>\$ 1,635,078</u>	<u>\$ 15,244,334</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General	Capital Projects	Nonmajor	Total
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 283,020	\$ 8,961	\$ 8,275	\$ 300,256
Salaries and benefits payable	1,629,651	-	-	1,629,651
Deferred revenue:				
Succeeding year property tax	5,532,287	344,846	796,824	6,673,957
Other	380,935	381,783	-	762,718
Total liabilities	<u>7,825,893</u>	<u>735,590</u>	<u>805,099</u>	<u>9,366,582</u>
Fund balances:				
Restricted for:				
Categorical funding (note 10)	454,011	-	-	454,011
Debt service	-	-	48,981	48,981
Management levy purposes	-	-	487,230	487,230
Student activities	-	-	293,768	293,768
School infrastructure	-	2,012,628	-	2,012,628
Physical plant and equipment	-	561,931	-	561,931
Unassigned	2,019,203	-	-	2,019,203
Total fund balances	<u>2,473,214</u>	<u>2,574,559</u>	<u>829,979</u>	<u>5,877,752</u>
Total liabilities and fund balances	<u>\$ 10,299,107</u>	<u>\$ 3,310,149</u>	<u>\$ 1,635,078</u>	<u>\$ 15,244,334</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2012

Total fund balances of governmental funds	\$ 5,877,752
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	20,421,803
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	534,496
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(80,301)
Long-term liabilities, including bonds payable, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(11,696,106)</u>
Net assets of governmental activities	<u>\$ 15,057,644</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 5,893,842	\$ 2,009,344	\$ 407,633	\$ 8,310,819
Tuition	278,580	-	-	278,580
Other	112,975	78,967	452,448	644,390
State sources	10,094,025	241	-	10,094,266
Federal sources	814,966	-	-	814,966
Total revenues	17,194,388	2,088,552	860,081	20,143,021
Expenditures:				
Current:				
Instruction	11,135,814	-	582,515	11,718,329
Support services:				
Student services	539,945	-	-	539,945
Instructional staff services	473,767	575,006	-	1,048,773
Administration services	1,267,861	-	-	1,267,861
Operation and maintenance of plant services	1,140,839	-	55,052	1,195,891
Transportation services	547,116	98,773	11,198	657,087
	3,969,528	673,779	66,250	4,709,557
Other expenditures:				
Facilities acquisition	-	736,198	-	736,198
Long term debt:				
Principal	-	-	660,000	660,000
Interest and fiscal charges	-	-	510,688	510,688
AEA flowthrough	661,699	-	-	661,699
	661,699	736,198	1,170,688	2,568,585
Total expenditures	15,767,041	1,409,977	1,819,453	18,996,471
Excess (deficiency) of revenues over (under) expenditures	1,427,347	678,575	(959,372)	1,146,550

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	General	Capital Projects	Nonmajor	Total
Other financing sources (uses):				
Sale of equipment	\$ 2,321	\$ -	\$ -	\$ 2,321
Compensation for loss of capital assets	-	465,955	-	465,955
Interfund transfers in (note 3)	-	-	1,170,188	1,170,188
Interfund transfers out (note 3)	-	(1,170,188)	-	(1,170,188)
Total other financing sources (uses)	2,321	(704,233)	1,170,188	468,276
Net change in fund balances	1,429,668	(25,658)	210,816	1,614,826
Fund balances beginning of year	1,043,546	2,600,217	619,163	4,262,926
Fund balances end of year	\$ <u>2,473,214</u>	\$ <u>2,574,559</u>	\$ <u>829,979</u>	\$ <u>5,877,752</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ 1,614,826

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 203,104	
Depreciation expense	<u>(604,724)</u>	(401,620)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is deferred in the governmental funds. It is, however, recorded as revenue in the Statement of Activities. 3,927

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 660,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 4,564

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	<u>(42,281)</u>	<u>(42,281)</u>
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Change in net assets of governmental activities \$ 1,839,416

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2012

	School Nutrition	Nonmajor Enterprise	Total
Assets			
Cash and cash equivalents	\$ 146,655	\$ 4,735	\$ 151,390
Inventories	14,816	-	14,816
Capital assets, net of accumulated depreciation (note 5)	180,046	-	180,046
Total assets	<u>341,517</u>	<u>4,735</u>	<u>346,252</u>
Liabilities			
Accounts payable	250	-	250
Salaries and benefits payable	43,703	38	43,741
Deferred revenue	8,195	-	8,195
Total liabilities	<u>52,148</u>	<u>38</u>	<u>52,186</u>
Net Assets			
Invested in capital assets	180,046	-	180,046
Unrestricted	109,323	4,697	114,020
Total net assets	<u>\$ 289,369</u>	<u>\$ 4,697</u>	<u>\$ 294,066</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2012

	School Nutrition	Nonmajor Enterprise	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 362,587	\$ 3,090	\$ 365,677
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	266,683	-	266,683
Benefits	148,355	-	148,355
Purchased services	8,295	-	8,295
Supplies	365,476	-	365,476
Depreciation	29,519	-	29,519
	<u>818,328</u>	<u>-</u>	<u>818,328</u>
Other enterprise operations:			
Salaries	-	2,690	2,690
Benefits	-	423	423
Supplies	-	155	155
	<u>-</u>	<u>3,268</u>	<u>3,268</u>
Total expenses	<u>818,328</u>	<u>3,268</u>	<u>821,596</u>
Operating loss	(455,741)	(178)	(455,919)
Non-operating revenues:			
Interest on investments	-	10	10
Capital contributions	3,596	-	3,596
State sources	7,272	-	7,272
Federal sources	367,392	-	367,392
Total non-operating revenues	<u>378,260</u>	<u>10</u>	<u>378,270</u>
Change in net assets	(77,481)	(168)	(77,649)
Net assets beginning of year	<u>366,850</u>	<u>4,865</u>	<u>371,715</u>
Net assets end of year	<u>\$ 289,369</u>	<u>\$ 4,697</u>	<u>\$ 294,066</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2012

	School Nutrition	Nonmajor Enterprise	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 361,758	\$ -	\$ 361,758
Cash received from miscellaneous operating activities	7,094	4,270	11,364
Cash payments to employees for services	(416,204)	(3,075)	(419,279)
Cash payments to suppliers for goods or services	<u>(324,362)</u>	<u>(155)</u>	<u>(324,517)</u>
Net cash provided by (used by) operating activities	<u>(371,714)</u>	<u>1,040</u>	<u>(370,674)</u>
Cash flows from non-capital financing activities:			
State grants received	7,272	-	7,272
Federal grants received	<u>322,960</u>	<u>-</u>	<u>322,960</u>
Net cash provided by non-capital financing activities	<u>330,232</u>	<u>-</u>	<u>330,232</u>
Cash flows from investing activities:			
Interest on investments	<u>-</u>	<u>10</u>	<u>10</u>
Net increase in cash and cash equivalents	(41,482)	1,050	(40,432)
Cash and cash equivalents beginning of year	<u>188,137</u>	<u>3,685</u>	<u>191,822</u>
Cash and cash equivalents end of year	<u>\$ 146,655</u>	<u>\$ 4,735</u>	<u>\$ 151,390</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2012

	School Nutrition	Nonmajor Enterprise	Total
Reconciliation of operating loss to net cash provided by (used by) operating activities:			
Operating loss	\$ (455,741)	\$ (178)	\$ (455,919)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:			
Depreciation	29,519	-	29,519
Commodities used	44,432	-	44,432
(Decrease) in accounts receivable	-	1,180	1,180
(Decrease) in inventories	4,738	-	4,738
Increase in accounts payable	239	-	239
Increase (decrease) in salaries and benefits payable	(1,166)	38	(1,128)
Increase in deferred revenue	6,265	-	6,265
Net cash used by operating activities	<u>\$ (371,714)</u>	<u>\$ 1,040</u>	<u>\$ (370,674)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$44,432 of federal commodities. The District also received equipment valued at \$3,596 purchased through the Special Revenue, Physical Plant and Equipment Levy Fund.

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2012

	Private Purpose Trust	Scholarship
Assets:		
Cash and pooled investments	\$ 80,836	
Liabilities:		
Accounts payable		56
Net assets:		
Reserved for scholarships	\$ 80,780	
See notes to financial statements.		

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2012

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ <u>172,188</u>
Deductions:	
Support services:	
Supplies	<u>231,592</u>
Change in net assets	(59,404)
Net assets beginning of year	<u>140,184</u>
Net assets end of year	\$ <u><u>80,780</u></u>
See notes to financial statements.	

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies

Vinton-Shellsburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Vinton and Shellsburg, Iowa, and agricultural territory in Benton, Blackhawk and Buchanan Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Vinton-Shellsburg Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Vinton-Shellsburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Benton County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	150,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned Federal grant revenues and unearned meal revenues.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and personal days during the fiscal year. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The District had no compensated absences liability.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 2. Cash and Pooled Investments (continued)

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ <u>6,721,414</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor's Financial Services.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>1,170,188</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 4. Short-Term Inter-Fund Loan

During the year ended June 30, 2012, the District approved short-term financing of \$750,000 from the Capital Projects Fund to the General Fund for the purpose of easing cash flow problems due to the timing of property tax collections. All loans were repaid by the General Fund prior to June 30, 2012. Therefore, no amounts are shown on the face of the general purpose financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 86,215	\$ -	\$ -	\$ 86,215
Total capital assets not being depreciated	<u>86,215</u>	<u>-</u>	<u>-</u>	<u>86,215</u>
Capital assets being depreciated:				
Buildings	25,654,919	22,979	-	25,677,898
Improvements other than buildings	754,386	71,690	-	826,076
Furniture and equipment	1,508,024	108,435	54,794	1,561,665
Total capital assets being depreciated	<u>27,917,329</u>	<u>203,104</u>	<u>54,794</u>	<u>28,065,639</u>
Less accumulated depreciation for:				
Buildings	5,737,851	495,896	-	6,233,747
Improvements other than buildings	398,957	26,280	-	425,237
Furniture and equipment	1,043,313	82,548	54,794	1,071,067
Total accumulated depreciation	<u>7,180,121</u>	<u>604,724</u>	<u>54,794</u>	<u>7,730,051</u>
Total capital assets being depreciated, net	<u>20,737,208</u>	<u>(401,620)</u>	<u>-</u>	<u>20,335,588</u>
Governmental activities capital assets, net	<u>\$ 20,823,423</u>	<u>\$ (401,620)</u>	<u>\$ -</u>	<u>\$ 20,421,803</u>
Business-type activities:				
Furniture and equipment	\$ 405,186	\$ 3,596	\$ -	\$ 408,782
Less accumulated depreciation	<u>199,217</u>	<u>29,519</u>	<u>-</u>	<u>228,736</u>
Business-type activities capital assets, net	<u>\$ 205,969</u>	<u>\$ (25,923)</u>	<u>\$ -</u>	<u>\$ 180,046</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 5. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular

\$ 9,231

Support services:

Administration

9,227

Operation and maintenance of plant services

4,224

Transportation

61,500

84,182

Unallocated depreciation

520,542

Total governmental activities depreciation expense

\$ 604,724

Business-type activities:

Food service operations

\$ 29,519

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 68,825	\$ 111,106	\$ 68,825	\$ 111,106	\$ 111,106
General obligation bonds	12,245,000	-	660,000	11,585,000	690,000
Total	<u>\$ 12,313,825</u>	<u>\$ 111,106</u>	<u>\$ 728,825</u>	<u>\$ 11,696,106</u>	<u>\$ 801,106</u>

Early Retirement

The District offered a voluntary early retirement plan to all District employees for the year ended June 30, 2012. Eligible employees must have been at least age fifty-three and employees must have completed fifteen years of service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is equal to 40% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. The employee may also continue participation in the District's group health insurance, at the employee's own cost.

At June 30, 2012, the District had obligations to seven participants with a total liability of \$111,106. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$68,825. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 6. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue Dated December 1, 2004			Issue Dated May 1, 2005			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2013	4.25 %	\$ 290,000	\$ 178,505	4.250 %	\$ 400,000	\$ 303,320	\$ 690,000	\$ 481,825
2014	4.25	300,000	166,180	4.250	420,000	286,320	720,000	452,500
2015	3.65	315,000	153,430	4.250	435,000	268,470	750,000	421,900
2016	3.75	325,000	141,933	4.250	450,000	249,982	775,000	391,915
2017	3.85	340,000	129,745	4.000	470,000	230,858	810,000	360,603
2018	3.95	355,000	116,655	4.000	490,000	212,058	845,000	328,713
2019	4.05	365,000	102,632	4.000	510,000	192,458	875,000	295,090
2020	4.10	385,000	87,850	4.100	530,000	172,058	915,000	259,908
2021	4.15	400,000	72,065	4.150	555,000	150,328	955,000	222,393
2022	4.20	420,000	55,465	4.250	575,000	127,296	995,000	182,761
2023	4.25	435,000	37,825	4.300	605,000	102,858	1,040,000	140,683
2024	4.25	455,000	19,338	4.350	630,000	76,842	1,085,000	96,180
2025	-	-	-	4.375	1,130,000	49,438	1,130,000	49,438
		<u>\$ 4,385,000</u>	<u>\$ 1,261,623</u>		<u>\$ 7,200,000</u>	<u>\$ 2,422,286</u>	<u>\$ 11,585,000</u>	<u>\$ 3,683,909</u>

During the year ended June 30, 2012 the District retired \$660,000 of bonds.

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered payroll for the year ended June 30, 2012. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$903,365, \$798,607, and \$763,052, respectively, equal to the required contributions for each year.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 8. Risk Management

Vinton-Shellsburg Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$661,699 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Professional development	\$ 181,820
Salary improvement program	94,211
Professional development for model core curriculum	91,072
Gifted and talented program	48,370
Returning dropouts and dropout prevention	27,440
Four-year-old preschool program	<u>11,098</u>
Total	<u>\$ 454,011</u>

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Required Supplementary Information

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year Ended June 30, 2012

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 9,233,789	\$ 369,283	\$ 9,603,072	\$ 9,554,485	\$ 9,554,485	\$ 48,587
State sources	10,094,266	7,272	10,101,538	10,177,762	10,177,762	(76,224)
Federal sources	814,966	367,392	1,182,358	843,999	843,999	338,359
Total revenues	20,143,021	743,947	20,886,968	20,576,246	20,576,246	310,722
EXPENDITURES/EXPENSES:						
Instruction	11,718,329	-	11,718,329	13,238,050	13,238,050	1,519,721
Support services	4,709,557	-	4,709,557	4,006,633	4,880,243	170,686
Non-instructional programs	-	821,596	821,596	812,920	875,000	53,404
Other expenditures	2,568,585	-	2,568,585	2,321,421	2,572,594	4,009
Total expenditures/expenses	18,996,471	821,596	19,818,067	20,379,024	21,565,887	1,747,820
Excess (deficiency) of revenues over (under) expenditures/ expenses	1,146,550	(77,649)	1,068,901	197,222	(989,641)	2,058,542
Other financing sources, net	468,276	-	468,276	-	-	468,276
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	1,614,826	(77,649)	1,537,177	197,222	(989,641)	2,526,818
Balance beginning of year	4,262,926	371,715	4,634,641	3,338,877	3,338,877	1,295,764
Balance end of year	\$ 5,877,752	\$ 294,066	\$ 6,171,818	\$ 3,536,099	\$ 2,349,236	\$ 3,822,582

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$1,186,863.

During the year ended June 30, 2012, expenditures did not exceed the amounts budgeted.

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Supplementary Information

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue			
	Management	Student	Debt	
	Levy	Activity	Service	Total
Assets				
Cash and pooled investments	\$ 483,035	\$ 298,611	\$ 48,981	\$ 830,627
Receivables:				
Property tax:				
Current year	7,126	-	-	7,126
Succeeding year	375,000	-	421,824	796,824
Accounts	-	501	-	501
Total assets	\$ 865,161	\$ 299,112	\$ 470,805	\$ 1,635,078
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,931	\$ 5,344	\$ -	\$ 8,275
Deferred revenue:				
Succeeding year property tax	375,000	-	421,824	796,824
Total liabilities	377,931	5,344	421,824	805,099
Fund balances:				
Restricted for:				
Debt service	-	-	48,981	48,981
Management levy purposes	487,230	-	-	487,230
Student activities	-	293,768	-	293,768
Total fund balances	487,230	293,768	48,981	829,979
Total liabilities and fund balances	\$ 865,161	\$ 299,112	\$ 470,805	\$ 1,635,078

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2012

	Special Revenue			
	Management	Student	Debt	
	Levy	Activity	Service	Total
Revenues:				
Local sources:				
Local tax	\$ 407,633	\$ -	\$ -	\$ 407,633
Other	20,373	432,075	-	452,448
Total revenues	<u>428,006</u>	<u>432,075</u>	<u>-</u>	<u>860,081</u>
Expenditures:				
Current:				
Instruction	176,311	406,204	-	582,515
Support services:				
Operation and maintenance of				
plant services	55,052	-	-	55,052
Transportation services	11,198	-	-	11,198
Other expenditures:				
Long term debt:				
Principal	-	-	660,000	660,000
Interest and fiscal charges	-	-	510,688	510,688
Total expenditures	<u>242,561</u>	<u>406,204</u>	<u>1,170,688</u>	<u>1,819,453</u>
Excess (deficiency) of revenues over				
(under) expenditures	185,445	25,871	(1,170,688)	(959,372)
Other financing sources (uses):				
Interfund transfers in	<u>-</u>	<u>-</u>	<u>1,170,188</u>	<u>1,170,188</u>
Net change in fund balances	185,445	25,871	(500)	210,816
Fund balances beginning of year	<u>301,785</u>	<u>267,897</u>	<u>49,481</u>	<u>619,163</u>
Fund balances end of year	<u>\$ 487,230</u>	<u>\$ 293,768</u>	<u>\$ 48,981</u>	<u>\$ 829,979</u>

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 1,365,201	\$ 559,293	\$ 1,924,494
Receivables:			
Property tax:			
Current year	-	5,487	5,487
Succeeding year	-	344,846	344,846
Income surtax	-	381,783	381,783
Due from other governments	653,539	-	653,539
Total assets	\$ 2,018,740	\$ 1,291,409	\$ 3,310,149
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 6,112	\$ 2,849	\$ 8,961
Deferred revenue:			
Succeeding year property tax	-	344,846	344,846
Other	-	381,783	381,783
Total liabilities	6,112	729,478	735,590
Fund balances:			
Restricted for:			
School infrastructure	2,012,628	-	2,012,628
Physical plant and equipment	-	561,931	561,931
Total fund balances	2,012,628	561,931	2,574,559
Total liabilities and fund balances	\$ 2,018,740	\$ 1,291,409	\$ 3,310,149

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS

Year Ended June 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 1,308,414	\$ 700,930	\$ 2,009,344
Other	288	78,679	78,967
State sources	-	241	241
Total revenues	<u>1,308,702</u>	<u>779,850</u>	<u>2,088,552</u>
Expenditures:			
Current:			
Support services:			
Instructional staff services	60,719	514,287	575,006
Transportation services	-	98,773	98,773
Other expenditures:			
Facilities acquisition	6,112	730,086	736,198
Total expenditures	<u>66,831</u>	<u>1,343,146</u>	<u>1,409,977</u>
Excess (deficiency) of revenues over (under) expenditures	1,241,871	(563,296)	678,575
Other financing sources (uses):			
Compensation for loss of capital assets	-	465,955	465,955
Interfund transfers out	(1,170,188)	-	(1,170,188)
Total other financing sources (uses)	<u>(1,170,188)</u>	<u>465,955</u>	<u>(704,233)</u>
Net change in fund balances	71,683	(97,341)	(25,658)
Fund balances beginning of year	<u>1,940,945</u>	<u>659,272</u>	<u>2,600,217</u>
Fund balances end of year	<u>\$ 2,012,628</u>	<u>\$ 561,931</u>	<u>\$ 2,574,559</u>

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
General Athletics	\$ 25,310	\$ 43,647	\$ 49,242	\$ 19,715
Life Skills-Sp Ed	1,397	-	129	1,268
Activity Bus	337	-	-	337
Health	10,528	1,375	842	11,061
Interest	6,142	-	2,983	3,159
Boys Basketball	9,086	13,016	12,637	9,465
Coach Basketball Fund	9,178	7,435	10,986	5,627
Boys Football	7,727	19,114	20,980	5,861
Youth Football Fund	1,389	-	1,257	132
Coach Football Fund	6,794	14,472	9,051	12,215
Boys Soccer	-	1,932	1,193	739
Coach Soccer Fund	-	3,614	971	2,643
Boys Baseball	4,675	14,430	18,785	320
Coach Baseball Fund	(579)	13,740	7,263	5,898
Boys Track	757	5,652	4,629	1,780
Coach Boys Track Fund	3,003	7,631	7,707	2,927
Boys Cross Country	-	864	448	416
Coach Cross Country Fund	5,265	1,589	2,265	4,589
Boys Golf	5	483	488	-
Coach Golf Fund	1,024	699	638	1,085
Boys Swimming	219	648	374	493
Coach Swimming Fund	445	2,607	2,256	796
Boys Wrestling	5,283	3,852	3,824	5,311
Coach Wrestling Fund	7,778	11,243	11,142	7,879
Girls Basketball	5,658	8,348	8,428	5,578
Coach Girls Basketball	2,445	9,015	9,012	2,448
Girls Volleyball	6,216	9,627	9,501	6,342
MS Girls Volleyball	305	907	796	416
Coach Girls Volleyball	3,133	6,587	8,362	1,358
Girls Soccer	1,836	1,251	2,450	637
Coach Girls Soccer	535	4,845	3,480	1,900
Coach Girls Softball	8,645	8,333	6,659	10,319
Girls Track	-	3,046	2,442	604
Coach Girls Track	3,690	6,182	7,662	2,210
Girls Cross Country	-	563	563	-
Girls Golf	-	477	477	-
Coach Girls Golf	275	1,586	1,861	-
Girls Swimming	574	1,125	1,278	421
Coach Girls Swimming	282	1,000	-	1,282
MS Yearbook	(1,471)	4,592	3,078	43

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
MS Band	\$ 7,865	\$ 4,604	\$ 1,855	\$ 10,614
MS Magazine	(1,782)	21,001	10,506	8,713
MS Pop	(632)	6,401	2,345	3,424
MS Student Council	3,754	1,920	776	4,898
MS Picture	3,509	2,832	4,104	2,237
MS Lunch Activity	(347)	5,883	5,536	-
Shellsburg Special Needs	652	-	-	652
HS Life Skills	2,502	374	1,448	1,428
Special Olympics	938	1,322	-	2,260
HS Yearbook	(1,970)	8,335	3,317	3,048
Weight Room HS	1,459	384	-	1,843
HS Pop	(9,131)	14,894	2,734	3,029
HS Student Council	2,691	5,936	4,391	4,236
HS Picture	(1,307)	1,432	46	79
HS Lunch Activity	406	9,605	10,011	-
Contest Speech	4,483	1,014	2,473	3,024
Shellsburg Picture	4,745	6,953	4,847	6,851
Activity Sales HS	119	1,200	-	1,319
Shellsburg Yearbook	10,812	970	9,648	2,134
Band	17,415	15,764	19,994	13,185
Band Trip HS	9,593	29,159	15,100	23,652
Concession Account	986	-	204	782
Shellsburg Pop	21,469	1,065	19,420	3,114
Vending Machine	364	-	-	364
Drill Team	1,056	-	-	1,056
Act Tickets	1,435	140	-	1,575
FFA	7,283	40,317	34,162	13,438
FHA	306	-	-	306
HS Home Economics	25	-	-	25
Fine Arts Sponsors	34	-	-	34
MS Health Account	1,076	-	-	1,076
Ambassador Club	394	-	-	394
National Honor Society	2,838	2,643	2,787	2,694
Business Professionals	298	2,097	1,005	1,390
Science Club	2,596	-	-	2,596
Shellsburg Student Council	8,377	672	3,661	5,388
Tilford Picture	7,989	3,785	9,214	2,560
SADD Fund	311	-	-	311
Theatre Fund	75	4,527	2,960	1,642
Invention Convention	330	-	-	330

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Recycling Club	\$ 101	\$ -	\$ -	101
Vocal	1,678	5,830	6,153	1,355
Coach Speech	210	300	197	313
Lunch Account	1,782	20,118	21,900	-
Activity Guidance	43	-	-	43
HS Special Projects	2,738	-	-	2,738
Amateur Radio	1,381	-	-	1,381
Shooting Sports	1,357	12,954	9,199	5,112
Family Cons. Science	-	190	-	190
FCCLA	-	169	22	147
Cheerleader Fund	5,294	5,487	5,831	4,950
Softball Fund	(11)	7,387	6,911	465
Class of 2011	2,422	-	-	2,422
Class of 2012	-	-	130	(130)
Class of 2013	-	1,756	50	1,706
Less: Intrafund Transfers	-	(52,872)	(52,872)	-
Total	\$ 267,897	\$ 432,075	\$ 406,204	\$ 293,768

See accompanying independent auditor's report.

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VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	Modified Accrual Basis Years Ended June 30,			
	2012	2011	2010	2009
Revenues:				
Local sources:				
Local tax	\$ 8,310,819	\$ 7,814,753	\$ 6,988,370	\$ 6,728,229
Tuition	278,580	303,757	316,278	320,875
Other	644,390	671,882	598,625	858,279
State sources	10,094,266	10,192,095	8,532,347	9,896,558
Federal sources	814,966	1,119,403	1,541,350	589,348
Total revenues	<u>\$ 20,143,021</u>	<u>\$ 20,101,890</u>	<u>\$ 17,976,970</u>	<u>\$ 18,393,289</u>
Expenditures:				
Instruction	\$ 11,718,329	\$ 11,885,681	\$ 12,192,285	\$ 11,800,596
Support services:				
Student services	539,945	439,994	322,312	465,574
Instructional staff services	1,048,773	717,829	504,834	597,660
Administration services	1,267,861	1,279,293	1,232,619	1,370,879
Operation and maintenance of plant services	1,195,891	1,210,897	1,121,282	1,137,812
Transportation services	657,087	590,961	640,894	665,334
Other expenditures:				
Facilities acquisition	736,198	338,127	242,563	271,861
Long-term debt:				
Principal	660,000	635,000	610,000	595,000
Interest and fiscal charges	510,688	536,913	562,100	586,688
AEA flowthrough	661,699	736,988	709,635	663,597
Total expenditures	<u>\$ 18,996,471</u>	<u>\$ 18,371,683</u>	<u>\$ 18,138,524</u>	<u>\$ 18,155,001</u>

See accompanying independent auditor's report.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 6,407,663	\$ 6,402,129	\$ 6,136,279	\$ 5,675,042
361,532	324,784	393,121	545,115
925,172	1,378,600	1,179,174	862,442
9,854,962	9,260,071	8,991,721	8,567,943
557,670	768,620	550,651	329,771
<u>\$ 18,106,999</u>	<u>\$ 18,134,204</u>	<u>\$ 17,250,946</u>	<u>\$ 15,980,313</u>
\$ 11,120,276	\$ 10,427,532	\$ 9,933,530	\$ 9,865,744
449,179	418,421	479,765	498,943
572,423	614,661	617,870	626,718
1,429,175	1,452,973	1,370,228	1,282,431
1,183,416	1,079,024	1,122,833	999,074
554,570	476,995	547,388	479,282
3,219,495	9,729,098	4,650,153	779,725
570,000	700,000	570,000	349,192
609,750	638,158	759,328	44,840
630,193	601,807	577,210	555,219
<u>\$ 20,338,477</u>	<u>\$ 26,138,669</u>	<u>\$ 20,628,305</u>	<u>\$ 15,481,168</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Grantor / Program	CFDA Number	Grant Number	Expenditures
Direct:			
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants	93.276	FY 12	\$ <u>66,959</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 12	52,463
National School Lunch Program	10.555	FY 12	270,497
National School Lunch Program (non-cash)	10.555	FY 12	<u>44,432</u>
			<u>367,392</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	6660G12	190,471
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 12	<u>18,938</u>
			<u>209,409</u>
Reading First State Grants	84.357	FY 12	<u>2,154</u>
Improving Teacher Quality State Grants	84.367	FY 12	<u>69,133</u>
Grants for State Assessments and Related Activities	84.369	FY 12	<u>10,569</u>
State Fiscal Stabilization Fund Cluster Programs:			
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 12	<u>2,417</u>
Education Jobs Fund	84.410	FY 11	<u>149,087</u>
Grant Wood Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 12	87,952
Special Education - Grants to States	84.027	FY 12	30,000
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	<u>39,728</u>
			<u>157,680</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

<u>Grantor / Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
The Affordable Care Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	FY 12	<u>2,371</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FY 12	<u>1,346</u>
Total Indirect			<u>971,558</u>
Total			<u>\$ 1,038,517</u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Vinton-Shellsburg Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Vinton-Shellsburg Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Vinton-Shellsburg Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Vinton-Shellsburg Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Vinton-Shellsburg Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vinton-Shellsburg Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Vinton-Shellsburg Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-12 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vinton-Shellsburg Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Vinton-Shellsburg Community School District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Vinton-Shellsburg Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Vinton-Shellsburg Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Vinton-Shellsburg Community School District and other parties to whom Vinton-Shellsburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Vinton-Shellsburg Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
October 15, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Vinton-Shellsburg Community School District:

Compliance

We have audited Vinton-Shellsburg Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Vinton-Shellsburg Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Vinton-Shellsburg Community School District's management. Our responsibility is to express an opinion on Vinton-Shellsburg Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Vinton-Shellsburg Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Vinton-Shellsburg Community School District's compliance with those requirements.

In our opinion, Vinton-Shellsburg Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Vinton-Shellsburg Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Vinton-Shellsburg Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Vinton-Shellsburg Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no material weaknesses in internal control over compliance with major programs during the course of our audit.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Vinton-Shellsburg Community School District and other parties to whom Vinton-Shellsburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
October 15, 2012

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I grants to Local Educational Agencies, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Vinton-Shellsburg Community School District did not qualify as a low-risk auditee.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-12 Financial Reporting – During the audit, we identified material amounts of payables and year end adjusting entries, including depreciation expense adjustments for the Proprietary, School Nutrition Fund, necessary to balance the District’s annual chart of accounts upload to the Iowa Department of Education not recorded in the District’s financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all payables and other necessary year end adjustments are identified and included in the District’s financial statements.

Response – We will double check these in the future to avoid missing any such amounts and adjustments.

Conclusion – Response accepted.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part IV: Other Findings Related to Statutory Reporting:

IV-A-12 Certified Budget – Expenditures for the year ended June 30, 2012, did not exceed the amounts budgeted.

IV-B-12 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-12 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-12 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Robert Levis, Board Member	Coach	\$2,347
Denise Wiley, spouse of Board Member Todd Wiley	Teacher associate	\$18,991
Calvin Rickels, spouse of Board Member Megan Rickels	Football coach	\$2,437
David Gates, spouse of Board President Sue Gates	Bus driver	\$11,350
Tim Bird, Board Member Owner of Peppy’s Ice Cream	Supplies	\$300
Sue Gates, Board President	Contest judge	\$125

In accordance with Chapter 279.7A of the Code of Iowa, except for the contracts with the spouses of Board President Gates and Board Member Wiley, the above transactions do not appear to represent conflicts of interest since the cumulative amount was less than \$2,500 for the fiscal year for each person.

Recommendation – In the cases of the contracts with the spouses of board President Gates and Board Member Wiley, the District should document that Ms. Gates and Mr. Wiley had no affect in the hiring process of their spouses. However, the limited availability of these services due to the smaller size of the District contributes to the arms-length status of these transactions.

Response – We will properly document the arms-length status of these transactions in the future.

Conclusion – Response accepted.

IV-E-12 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-F-12 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-12 Certified Enrollment – We noted that the enrollment data certified to the Department of Education included two individuals who never attended class during the year ended June 30, 2012.

Recommendation – The District should contact the Department of Education and the Department of Management to report the two additional students claimed in error.

Response – This was an oversight on our part when collating the information used in the difficult enrollment certification process. We will contact the necessary departments to report this error.

Conclusion – Response accepted.

IV-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-12 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-12 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-L-12 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,940,945
Revenues:			
Sales tax revenues	\$	766,130	
Interest		288	
School infrastructure supplemental amount		<u>542,284</u>	1,308,702
Expenditures/transfers out:			
Equipment		66,831	
Transfers to other funds:			
Debt Service Fund		<u>1,170,188</u>	<u>1,237,019</u>
Ending balance		\$	<u><u>2,012,628</u></u>

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	<u>Per \$1,000 of Taxable Valuation</u>	<u>Tax Dollars Reduced</u>
Debt service levy	\$ 2.87	\$ 1,170,688